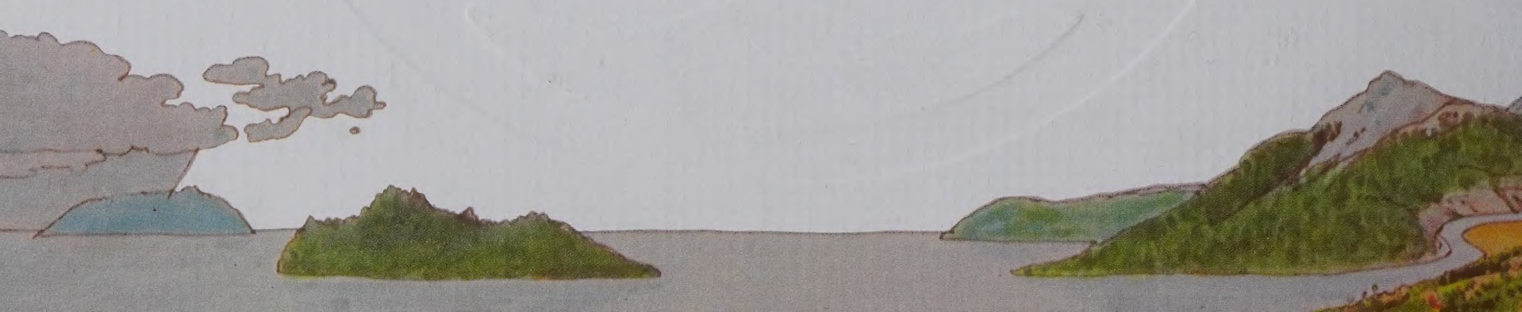
Bank of British Columbia

Canada's Western Bank

Annual Report 1976

Contents



The Bank of British Columbia Symbol

Even before the dawn of civilization, Man relied on the use of graphic symbols to record events and relay complex ideas. This is part of our human heritage. Today we use these symbols in the business world to describe and communicate a company's personality, history or philosophy. Here we see the meaning behind the symbol used by Bank of British Columbia.

Begin with the Protective Shield. This shield represents security and protection from harmful influences. A key factor in today's complex financial environment.

Introduce the Triangle or Pyramid, the sign of permanence and strength. This represents our stability through changing times.

Develop the theme of Mountains and Mineral Wealth. This aspect of our symbol portrays the scenic grandeur of our birthplace, a bold business approach needed in Banking, and pays tribute to our Mineral Resource Industry.

We add the tree representing our Forest Resource Industry. This new graphic addition symbolizes solid growth, ability to take a fresh approach, and optimism for the future.

The corporate symbol is complete with the addition of the Sea. This represents our Fish and Water Resources, the natural grandeur of Western Canada, and an overall feeling of completeness and harmony with the world. A timeless yet timely symbol for Bank of British Columbia in an ever changing world.

Annotated Statement Highlights

	1976	1975	% Increase
TOTAL ASSETS	**$844,443,263**	$625,006,481	35.1
TOTAL DEPOSITS	**785,713,285**	574,283,990	36.8
LOANS	**629,747,347**	466,594,656	35.0
SECURITIES	**77,054,933**	32,249,612	138.9
BALANCE OF REVENUE	**5,878,643**	5,823,834	1.0
BALANCE OF REVENUE (after provision for income taxes)	**3,128,643**	2,823,834	10.8
PER SHARE*	**4.05**	4.08	(.7)
PER SHARE (no. of shares outstanding at year end)**	**3.06**	3.69	(17.1)
DIVIDENDS PAID	**574,374**	415,818	38.1
CAPITAL FUNDS (including accumulated appropriations for losses)	**36,988,933**	30,843,267	19.9
NUMBER OF SHARES ISSUED**	**1,021,109**	765,832	33.3

*The after tax balance of revenue has been calculated on the weighted monthly average of fully paid shares. These were 773,354 shares and 690,894 shares for the respective years.

**Based on increased number of shares resulting from the October 1976 rights issue of 255,277 new shares.

For tax purposes Bank of B.C. stock was quoted on Valuation Day, December 22, 1971 at $22.25 per share.

Board of Directors

ALBERT E. HALL
Chairman and Chief Executive Officer

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Deputy Chairman and President

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Vice President
Executive
Vancouver, B.C.

COLEMAN E. HALL
Vice President
President
Devonshire Hall Ltd.
Vancouver, B.C.

DONALD M. CLARK, Q.C.
Secretary
Senior Partner
Clark, Wilson & Co.
Vancouver, B.C.

R. J. BENNETT
Westbank, B.C.
President
M. W. Stores Ltd.

H. BOOTH
Calgary, Alberta
President and Chief Executive Officer
Alberta and Southern Gas Co. Ltd.
Alberta Natural Gas Company Ltd

W. T. BROWN
Vancouver, B.C.
Chairman and Chief Executive Officer
Odlum Brown & T.B. Read Ltd.

T. A. BUELL
Vancouver, B.C.
President and Chief Executive Officer
Weldwood of Canada Ltd.

THE HONOURABLE
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Vancouver, B.C.
Senior Partner
Dohm, Macdonald, Russell & Kowarsky

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Vancouver, B.C.
President
Dominion Vancouver Motors Limited

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Senior Partner
Bonner & Fouks

G. B. McINTOSH
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A. H. MITCHELL
Edmonton, Alberta
President
Mitchell & Associates Ltd.

P. M. REYNOLDS
Vancouver, B.C.
Vice Chairman and Chief Executive Officer
Bethlehem Copper Corporation Ltd.

P. P. SAUNDERS
Vancouver, B.C.
Chairman and President
Cornat Industries Limited

J. L. SCHLOSSER
Edmonton, Alberta
President
Tri-Jay Investments Ltd.

J. B. SMITH
Kelowna, B.C.
President
Okanagan Holdings Limited

Albert E. Hall, *Chairman and Chief Executive Officer*

Message to Shareholders

December 14, 1976, the date of this year's Annual General Meeting, was co-incidentally the tenth anniversary of the day the Bank of British Columbia received its Federal Charter. I think all of us can concede that it has been a successful decade.

While it is tempting to dwell at length on the reasons for that success, we can with as much assurance explore some of the challenges of the future. In fact, we are asked frequently what direction the Bank intends to take in coming years. The simple answer to that question is that our direction has not changed from the first day of our Charter ten years ago.

The motivating principle then as now is to keep looking for better ways to serve individuals, communities, the provinces and the nation. That search for new and better ways has established the direction for us. This is what has stimulated us to set trends in Canadian banking. Other banks will continue to emulate us, and we will continue to set trends.

In spite of any impression which may have been created in your minds, or in the minds of the general public, never has the Bank of British Columbia considered itself to be a regional bank. True, we started regionally. For that matter, every Canadian chartered bank started in that fashion. However, the direction we are taking is clearly evident. Ten years ago our assets were zero. In 1977, we expect to achieve the billion dollar mark. In that first period, we had but one office. Now we are located throughout British Columbia and into the Province of Alberta. In addition, we have established an International Agency in San Francisco and a network of banking correspondents throughout the world. These are not terminal accomplishments; they are milestones marking the way and we have many good miles to go.

We will continue to apply our basic philosophy of expansion, which is to grow and move on only when it can be shown to be beneficial to the Bank and its shareholders. Undoubtedly, in the years ahead we will see new branches and agencies in other major Canadian cities and financial centres. It is to be expected that we will achieve strong national representation in due course. One thing is certain and affirmed, the Bank of British Columbia started in Vancouver and its expansion and success occurred from this base. A major money market has been established here and the Head Office will always remain in Vancouver.

Our thanks go out to our staff, to you the shareholders and to the growing ranks of depositors. Your confidence and enthusiasm have contributed in a major way to our success. When we say that we keep looking for better ways to serve, our first allegiance is to those who have served and are serving us as employees, as shareholders and as patrons. It is this exchange of service that inspires zeal and vitality and motivates success.

A E Hall

Albert E. Hall,
Chairman and
Chief Executive Officer

Address by the President

Approximately eighteen months have passed since the Canadian economy began its recovery from the recent global recession. The recovery during this time has been slow and hesitant. It was expected that as foreign markets for our goods began to improve, our domestic production would bounce back to a much healthier level. Our economy, however, seems now to lack that important quality of resilience. The private sector is becoming less capable of reaction to the positive effects of traditional fiscal and monetary stimulus. We have the inherent ability and richness of resources which should guarantee us the brightest of all possible futures. Yet there are many of us who are doubtful that we will be able to achieve our potential. The issues I wish to discuss today are related to our economic potential and to some of the reasons why we are currently underperforming.

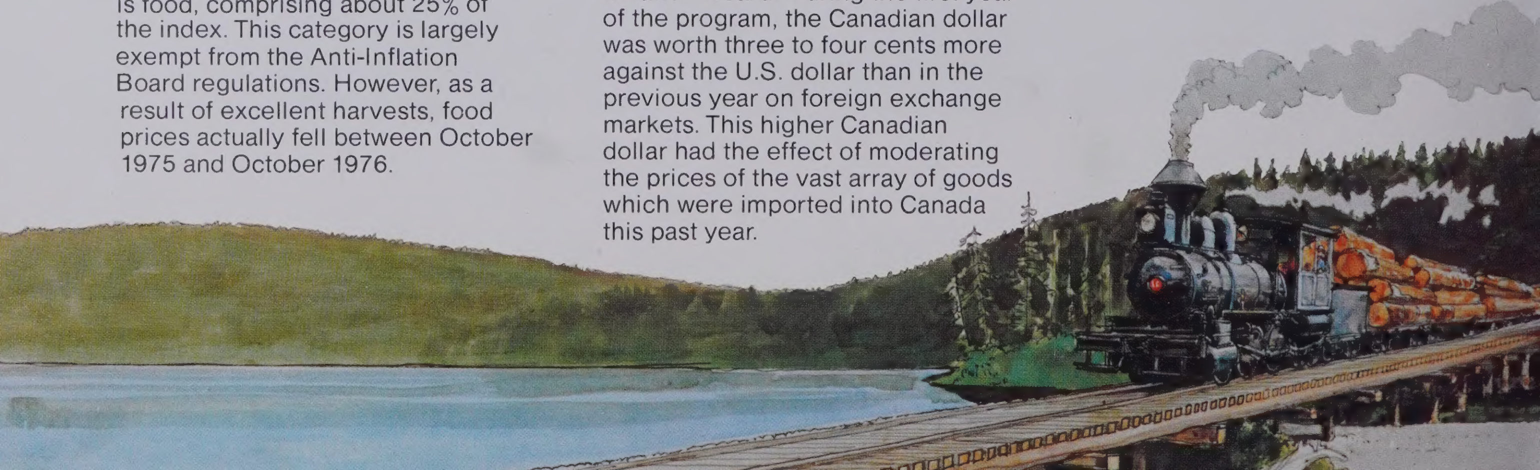
One of the more recent economic realities which cannot be ignored is the fact that for just over one year our economy has been regulated by an anti-inflation board. In late summer and early fall of last year, it appeared as though a new and even higher surge of inflation was about to occur. At that time, wage and price controls were imposed and most observers of the Government's action viewed the new situation with relief. Most of us felt that something had to be done and almost any positive action would have been acceptable at the time. Let us examine the results of this program during its first year.

The index most often used to measure the rate of inflation is the Consumer Price Index. This index is actually a measurement of the price level of a standard market basket of items which an average Canadian family purchases in any given month. The largest single category is food, comprising about 25% of the index. This category is largely exempt from the Anti-Inflation Board regulations. However, as a result of excellent harvests, food prices actually fell between October 1975 and October 1976.

Trevor W. Pilley, *Deputy Chairman and President*

Since this food component makes up such a large proportion of the Consumer Price Index, it is the drop in food prices which accounts for all but about 1% of the drop in the inflation rate. Furthermore, even this 1% drop in the inflation rate is partly due to forces other than the Anti-Inflation Board. During the first year of the program, the Canadian dollar was worth three to four cents more against the U.S. dollar than in the previous year on foreign exchange markets. This higher Canadian dollar had the effect of moderating the prices of the vast array of goods which were imported into Canada this past year.

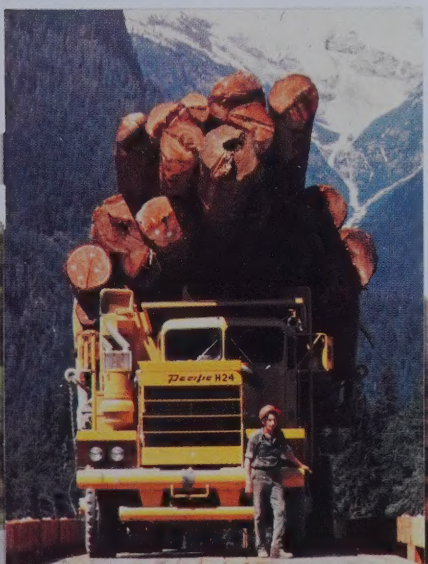
We must regretfully conclude that the effectiveness of the controls program has been much less than the public has been led to believe. Although it can be shown that the controls program did little to actually reduce the inflation rate, it did reduce or delay the effects of many



pressures and demands which were being placed on our economy. While it is not possible to say with accuracy what might have been, it is conceivable that without a controls program, our inflation rate could be running at a much higher level today. Furthermore, although few of us want controls to remain in place any longer than is absolutely necessary, their early removal will be exceedingly difficult. Many people still grossly overestimate how much our economy is able to produce and supply. Until we can dampen expectations to realistic levels, it is difficult to see how controls can be removed without causing both dislocations in production and severe cost pressures.

At the last Annual General Meeting I said that we strongly supported the spirit of the new wage and price control legislation. I went on to say, however, that it could only be a first step, not a final solution. Since the underlying causes of inflation are overly expansionary fiscal and monetary policies, the success of the wage and price control program depends heavily on the willingness of Government to control its own expansion.

I will now examine the level of activity of the public sector. If we were to survey a broad selection of the speeches and press releases recently emanating from the public sector, we would likely conclude that the amounts of money available for Federal, Provincial and Municipal programs had been declining. The presentations would literally abound with phrases such as "cuts," "retrenchments," "restraint," and other similar terms. Those descriptions, and the resulting conclusion that less is being made available to the public sector, are simply not consistent with the facts. We



Canadians have been, and continue to be, extremely generous in the way in which we share our national income with the public sector. Not only are we supplying this sector with more money each year; we are also supplying it with a growing proportion of our total incomes.

Our experience over the past few years indicates that Government growth is self-perpetuating. As Governments employ a greater number of people, those people naturally become a cohesive force lobbying for more pay, increased benefits, and a further expansion of their responsibilities. Their demands in turn are reinforced by two other groups: those who earn their living indirectly from the Government by supplying goods and services to it; and those who receive the principal benefits from various Government programs. This well-focused interest group will have a large influence on Government allocations.

This is not a malevolent force. Arguments for initiation and expansion of Government programs are often based on principles such as social justice or social needs. However, in their pursuit of the elusive "social justice," our Governments have introduced a proliferation of programs which is causing the relative size of our private sector to shrink at such a rate that its very existence could be threatened.

During the Second World War, vast amounts of our country's resources were mobilized for the war effort. As a result, in 1943 slightly over 45% of our Gross National Product passed through Government, which directed its use. This level of centralized use of resources was unprecedented in our country's history. Only four years earlier, total Government expenditure as a percentage of the entire expenditure of the country was less than half this amount. By 1950, the percentage of resources passing through Government was reduced to its pre-war level. If the Government sector had grown at a rate equal to the growth rate of our economy over the last 26 years, it would still be claiming only about 22% of our annual output. However, it has grown at a much faster pace. Our latest estimate for this year is that about 43% of our nation's total production will be either consumed by Government or allocated through some form of Governmental program. Furthermore, this 43% figure is probably conservative since it does not include Federal and Provincial Crown Corporations.

It is also apparent that the cost of supporting this Governmental apparatus is rising at astronomical rates. According to a recent research report by the Fraser Institute, taxes are now the largest single expense category for the individual Canadian family. The average family now pays almost three times as much in taxes as it spends for shelter; more than three times as much as it spends for food; and over eight times as much as it spends for clothing. This report documents that the average Canadian family last year paid about the same amount in taxes as it spent for shelter, food, clothing, and automobile expenditures combined. Over the past ten years, the tax component of the family budget has been the single most rapidly rising expense item.

The phenomenal growth of Government is not subsiding. In just the last three years, the total extent of Government participation in the economy has moved up from 37% to the current estimate of about 43%. The most recent data available shows that the Federal Government's expenditures increased by more than 28% in 1974 and by a further 22% in 1975. Expenditures of Provincial Governments on average increased by successive rates of about 21% and 23% during those two years. The increases for Municipal and local Governments averaged about 15% in each year. Although we don't have complete figures for the current year, a year in which utmost fiscal restraint was promised, our own preliminary estimate is that the Federal Govern-

ment is increasing its expenditures by about 18%. Of course, it naturally follows that since these increases are in excess of the growth rate of the rest of our economy, the Government sector is continuing to preempt a proportionately larger share of our production.

One of the important contributors to this rapid growth is a theory of open-ended Government responsibility which prevails among the majority of our elected officials in Canada. There is virtually no area of our lives which is free from Government influence and direction. In fact, agencies within Government often compete amongst themselves in their attempts to claim responsibility for varying aspects of our lives. It is this philosophy that Government is in some way responsible for virtually every type of activity which occurs, plus the overly optimistic attitude that every problem can be legislated to a solution, which has caused Government programs in Canada to proliferate beyond all bounds of reason.

United with this philosophy of open-ended Government is a concept that an economics journal has labelled the "tyranny of small decisions." We move through the years making a series of small decisions, the sum total of which has the potential to cause significant changes in our society. We are seldom given the opportunity to consider the really big decisions. Similarly, Government departments propose new programs almost every day, and many of the programs, examined individually, appear quite sensible. However, it is this multitude of small decisions, each considered independently, which is changing the basic nature of our social and economic system. The tyranny of these small decisions has led us into a situation where a disproportionately large amount of our annual production is allocated by Government. No one has ever been given the opportunity to debate and decide the really big question: "How much of our national production do we want allocated through our various Governments, and how much do we want to leave in the hands of individuals and private markets?" We have been ignoring the big decisions and as a result we are suffering from the tyranny of the small ones.

I have spent a great deal of time describing the growth of Government. I have done so because the broad ramifications, as well as the more subtle side effects, of such a large shift of resources, need to be discussed and understood. For the past few years collective bargaining has become exceedingly difficult. Workers have been demanding increases which are staggering when judged by historical standards. It is often argued whether these demands are the cause of, or the result of, our recent inflation. However, this argument frequently ignores two related issues. The first is that if we examine the money income gained by the average worker over the past ten years, we find that increased taxes over this period have taken over 50% of the gain. This is in addition to the erosion caused by inflation. It is quite natural for workers to be pushing hard for higher wages to replace the purchasing power taken by increased taxes.

The second issue is related to the settlements which have been awarded in the public sector over the past few years. Governments, with their seemingly unending source of tax revenues, have been granting wage and fringe benefit increases which have been far more generous than those in the private sector. An example of the pace being set by the public sector is the recent introduction of an inflation-indexed pension plan for Federal employees. This plan is so generous that it is probably impossible for it ever to be matched by the private sector. This Government plan is basically unfunded. Contributions by employees go into general Government revenues and are spent by the Government. The Government's only contribution is a bookkeeping entry which acknowledges the liability. Recently some very responsible actuaries who specialize in pension plans have become quite concerned with the magnitude of the future tax liabilities which are being created by this plan. The Government's hope is that future tax revenues will be large enough for it to be able to honour its pension liabilities. The theory is that if tax revenues are not sufficient, the Government will simply raise taxes or borrow the additional money. Interestingly enough, this is precisely the same type of financial reasoning which was used to justify the pension plans of New York City workers prior to that City's near financial collapse. New York City learned an interesting lesson. They discovered a law of diminishing returns. They had reached the point where higher rates actually brought the City lower tax revenue because these higher taxes were bankrupting or driving away businesses.

We should be able to learn from the mistakes of others. There is no reason why we should legislate burdensome future tax liabilities upon ourselves. Furthermore, it is unfair to expect private sector workers to support with their future taxes a Government pension plan which is so generous that it is probably not possible for all of us to have a plan of equal value.

There is another concern which is related to the free market. Some people have recently claimed the market system no longer works, and the search for alternatives has already begun. However, it is my belief that when allowed to work, it allocates our resources in a very efficient manner, and has given our country an enviable level of prosperity. Many people who attack this market system do so because it does its job so very well. The market system gives us what we

want rather than what a select group of individuals thinks we should have. There are many who think that individuals are not capable of making the "correct" decisions. Underlying their arguments against free markets is a lack of belief in freedom itself. Of course we don't have perfectly competitive markets in Canada. Virtually nothing is perfect in this world and it is unfair to demand perfection from markets while accepting imperfection in almost every other area of human endeavour.

The opportunity for an extremely optimistic economic outlook is within our grasp. As we all recognize, our nation is heavily dependent on the viability of international trade. In this regard, it is gratifying that the economic health of many of our major trading partners has greatly improved in recent months. Our export markets, particularly in the United States and Japan, are far better now than they were during the recent world-wide recession. The level of new home construction in the United States is vital to the continued well-being of British Columbia's largest industry. Activity in this important United States sector has increased by more than 80% from the low point a year and a half ago. We believe that in the year ahead we will witness a slightly higher level of home construction in the United States, and consequently, a slightly better year should be in store for our forest industry. There are also some other significant bright spots in the outlook for Western Canada. International markets for commodities such as coal, natural gas, other petroleum products, and agricultural products will likely remain quite strong over the near term. Also, with an ever-increasing world demand for scarce resources, our longer term economic outlook should continue to improve. The opportunity is almost without limit. However, even in the area of foreign trade there are some handicaps of our own creation which must be overcome.

Costs in Canadian industry have been increasing more rapidly than in the United States and Canadian manufacturers are finding it much more difficult to compete with U.S. industry for a share of the United States market. It is also instructive to note that this change in the relative cost structure is allowing increased penetration of our domestic markets by United States' producers. The net effect of this shift is that Canadian manufacturing is declining in importance in relation to other sectors of our economy. Unfortunately, this is occurring at a time when we should be expanding our manufacturing capabilities in anticipation of replacement and growth required for the 1980's.

Traditionally, our country has welcomed a fairly high level of direct foreign investment and we have utilized foreign financial markets as an additional source of capital. This has been necessary because a high level of capital investment has been required to expand and upgrade Canadian industry, which in turn increased its output dramatically and thereby provided thousands of new jobs for what has been a rapidly growing population. This increased level of output has traditionally been sufficient to enable our country to maintain a healthy surplus in the merchandise sector of our foreign trade accounts. This surplus in merchandise trade normally generates sufficient funds to enable us to pay almost all of the cost of the capital which we have previously imported.

Currently, however, this borrowing and repayment process is becoming unstable. As I mentioned, the cost and price structure of Canadian industry is proving to be a serious handicap. Our total merchandise trade surplus is no longer sufficient to pay the interest charges on our foreign borrowing, and one of the primary reasons is the deterioration of the competitiveness in our manufacturing sector. In this sector, our deficit has grown from around $3 billion annually ten to twelve years ago to approximately $10 billion per year currently. Although our primary sector, which includes our exports of commodities and raw materials, appears to remain quite strong, it cannot carry by itself the full load in the international trade area.

If we do not generate sufficient surpluses to pay the cost of foreign borrowings, we have only one alternative. We must borrow more from abroad to pay the interest on previous loans. This is an extremely dangerous policy to follow and it is one which cannot continue for long. Borrowing to pay interest on earlier loans is clear evidence that we, as a country, are living beyond our means. An adjustment must come, and the sooner it occurs, the less painful it will be.

We are at a critical point in the evolution of our economic system. Most of our citizens are overestimating the ability of our economy to provide the goods and services they demand. In part we are borrowing from abroad to make up for the shortfall between our expectations and our production. We must set ourselves two goals and work to achieve them both. Our expectations must be brought into line with our ability to produce. It should be obvious that we cannot all obtain income increases each year which are in excess of the growth in our total production. At the same time, we must have greater incentives for private initiative. These greater incentives will naturally draw forth both higher investment and increased production. Over the longer term, we have no other viable choice.

Victor Dobb, *Executive Vice President and General Manager*

General Manager's Report

The financial results for the year ended October 31, 1976 demonstrate the continued ability of your Bank to perform well during a most difficult economic and monetary period. Over the year, total Bank assets increased by some $219 million to $844 million for an increase of 35.1%. In addition, total personal notice deposits increased by an outstanding 55% to $260 million. Balance of Revenue, after provision for taxes, increased by 10.8% to $3,128,643.

Prior to giving the customary progress and evaluation report on "key" areas of the Bank's activities, I am going to touch upon some of the causes and effects which have made this past fiscal year so difficult and challenging. The one dominant characteristic prevalent throughout fiscal 1976 affecting the performance of banks generally was a marked reduction in the realizable profit margin between the cost of liabilities and return on assets. This spread reduction was attributable to increased costs of deposits coupled with Anti-Inflation Board guidelines, which restricted spreads between rates on certain assets and liabilities, in addition to prohibiting any increase in service charges. The influence of these factors upon our profit performance, together with strong pressures on operating costs, resulted in the return on assets for fiscal 1976 being not surprisingly lower than for fiscal 1975 when money supply was inflated and lending rates held artificially high for six months of that year.

In assessing profit performance for fiscal 1976, it should also be borne in mind that our deposit mix is, of necessity, quite sensitive to changes in the cost of taking deposits in the wholesale money market centres. This sensitivity to interest rate movements arises from the fact that at this relatively early stage of our development we continue to fund a higher than industry average portion of our loan portfolio through non-retail customer sources.

In an effort to lower the level of monetary expansion within the then targeted 10 to 15 percent range, the Bank of Canada kept increases in money supply during the first quarter of 1976 at a lower level than growth of general loans. This corrective action led to further upward pressure on domestic short term money market interest levels. In March this year, the tone for the remainder of the 1976 fiscal year was set when the Canadian Bank Prime Rates were increased by 1/2% following a Central Bank rate increase to a historic high of 9 1/2%. At the same time, the non-chequing savings rate was increased by 3/4% and the small business loan prime rate re-introduced at 1/4% below the rate charged to the largest and most credit worthy borrowers, thus creating further pressures on profit margins.

Operating Highlights

Within this generally difficult environment your Bank is pleased to have recorded modest growth in Balance of Revenue from $5,824,000 in 1975 to $5,879,000 this year. As earlier mentioned, on an after tax basis, Balance of Revenue increased from $2,824,000 to $3,129,000 or 10.8%.

While the federal tax rate decreased by 1% during the year, this was offset by a corresponding increase in the provincial tax rate in British Columbia to 15% retroactive to last January. However, with an enlarged percentage of our business being conducted in Alberta where a lower corporate tax rate prevails, as well as an increased investment in some securities where income is received tax free in the Bank's hands, our actual tax provision was in fact reduced from last year.

Total other loans grew by over $200 million to $620 million for an increase of almost 50%. The total portfolio continues to be well spread between business and personal loans and homeowner mortgages, as well as foreign currency loans funded by offshore deposits.

The substantial increase of 139% in the securities figure merely reflects the carrying of our liquidity at the year end in Government of Canada securities rather than in day and call loans to investment dealers.

Total deposits entrusted to us reached $786 million, of which, as I have earlier mentioned, the most satisfying increase is in the personal savings category. This growth reflects the continued success of our Pioneer Service Plan as well as the ready market acceptance of our newest deposit instrument, the Inflation Fighter Certificate, which we introduced toward the end of our last fiscal year.

Share Capital

At the last Annual General Meeting, Shareholders approved an increase in the authorized capital of the Bank from $10,000,000 to $25,000,000. To maintain the desired level of growth and development of your Bank, a further rights offering of 255, 277 shares at a subscription price of $17 per share was successfully completed in October this year. The fully subscribed issue will increase capital funds, after deduction of issue expenses, by some $4,200,000. Of this figure, the year end financial statements reflect an increase in capital funds of approximately $3,000,000. The residual balance of the partly paid shares is being subscribed over the balance of the ten month term as provided for in the Bank Act.

Shareholders who did not sell or exercise their rights will receive payment from proceeds of their sale to the underwriters at the rate of $1 per unexercised right.

Coupled with the transfer of $1,825,000 to Rest Account from Undivided Profits, total Capital Funds stood at $31,638,000 as at October 31, 1976, while Accumulated Appropriations for Losses Account increased to $5,351,000.

Many of our existing shareholders purchased their stock at the inception of the Bank at a price of $25 each. In this regard, it is interesting to note that if a founder shareholder had exercised the two Rights issues made to date, the averaged cost per share is $20.50. This cost may be compared with a book value of approximately $27 per share at year end.

Branch Development

During fiscal 1976 three branches were opened in Edmonton including a new main office on Jasper Avenue, a branch in South Edmonton and one in North Edmonton. In the coming months, additional branch openings are planned in both British Columbia and Alberta as we continue our expansion programme to meet the needs of Western Canada.

Our branches have expanded internally as well. The strong support received throughout our system has led to a growing need for the enlargement of many of our premises. In the year just ended, major renovations and enlargement projects were undertaken in Kamloops, Vernon, Chilliwack, Jasper Avenue & 106th Street in Edmonton as well as Victoria Main Office and Granville Street in Vancouver where such projects are currently underway.

International Banking

The slow recovery from world recession, coupled with high liquidity in International Money Markets, resulted in a slowdown in our trade financing and inter-bank transactions. In spite of this, the loan portfolio expanded steadily and the Bank became active in several new foreign markets during the year.

The continuing overseas call programme resulted in a steady flow of new lending opportunities from our major markets. Foreign exchange activity and fees from sundry services again contributed significantly to International earnings.

Real Estate Investment Trust

During 1972, your Bank sponsored B.B.C. Realty Investors, an unincorporated Trust, with an initial capitalization of $10.5 million. Assets have now risen to approximately $100 million. Since inception, the Trust has been a leader in providing creative financing to the real estate community, both in British Columbia and Alberta, as well as in terms of return to Unitholders. In its capacity as Adviser, the Bank receives a significant contribution to earnings by way of management fees.

Bank Act Revision

In August, the Government introduced its White Paper on desired changes to the Bank Act for the decennial revision in 1977. The proposals, while not sweeping in change, are aimed at encouraging competition and creating a more equitable financial system and have received general support from the industry.

Responses to the White Paper are now being studied in Ottawa, following which legislation will be drafted for submission to Parliament and study in Committee. Your Bank's senior officers expect to continue to play an active role in the ongoing revision process during the coming year.

Meanwhile, we are studying the White Paper proposals to allow the Bank to take full advantage of any opportunities to expand services to our customers.

Human Resources

I took the opportunity at last year's meeting to thank all our personnel for an outstanding job throughout 1975. We knew that great challenges would face them in 1976 if we were to maintain our growth and meet our corporate objectives. The challenges have been met, and our results for fiscal 1976 graphically illustrate the tremendous contribution made by all our employees.

Our overall personnel strength has now grown to 1018. The Bank continues to attract enthusiastic and highly skilled people to join our organization in building a future for themselves and the Bank in Western Canada. All our personnel continue to provide aggressive support to your executive and we look forward to the challenges of the new year with confidence.

The Coming Year

During the course of the last fiscal year Bank of Canada's target range for growth of narrowly defined money supply was reduced to a current range of 8% to 12% a year, measured from a March base level. Since the increase was running below the low end of the target range, and coupled with good price performance, Bank of Canada considered it desirable to moderate interest rate levels and as a result, lowered the Bank Rate effective November 22nd. This action, together with other internal and external factors, has triggered a revaluation of our currency in terms of the U.S. dollar, which will provide much needed stimulus for our exporters.

The recent moderating trend in loan demand is expected to continue during much of the 1977 fiscal year. Even so, we do not expect a substantial reduction in interest rate levels because of the Central Bank's continuing efforts to slow the rate of growth in the supply of money. Although total growth in the financial system may be less than in recent years, your Bank, with its enlarged capital base, is in a favourable position to take full advantage of business opportunities.

Bank of British Columbia

Financial Statements

Statement of Revenue, Expenses and Undivided Profits

Year ended October 31, 1976 (With comparative figures for 1975)

	1976	1975
REVENUE:		
Income from loans	$67,420,767	$48,628,270
Income from securities	4,456,080	3,393,916
Other operating revenue	4,778,181	3,792,358
Total revenue	76,655,028	55,814,544
EXPENSES:		
Interest on deposits and bank debentures	47,611,026	33,076,931
Salaries, pension contributions and other staff benefits	12,650,145	9,085,418
Property expenses, including depreciation	2,437,961	1,891,043
Other operating expenses, including provision for losses on loans based on five-year average loss experience	8,077,253	5,937,318
Total expenses	70,776,385	49,990,710
Balance of revenue	5,878,643	5,823,834
Provision for income taxes relating thereto (note 3)	2,750,000	3,000,000
Balance of revenue after provision for income taxes	3,128,643	2,823,834
Appropriation for losses	1,875,000	1,750,000
Balance of profits for the year — $1.62 a share	1,253,643	1,073,834
Dividends	574,374	415,818
Amount carried forward	679,269	658,016
Undivided profits at beginning of year	65,133	68,770
Transfer from accumulated appropriations for losses	1,150,000	1,225,000
	1,894,402	1,951,786
Transfer to rest account	1,825,000	1,886,653
Undivided profits at end of year	$ 69,402	$ 65,133

See accompanying notes to financial statements.

Bank of British Columbia

Statement of Accumulated Appropriations for Losses
Year ended October 31, 1976 (With comparative figures for 1975)

	1976	1975
ACCUMULATED APPROPRIATIONS AT BEGINNING OF YEAR:		
General	$ 3,954,767	$ 2,769,119
Tax-paid	65,047	5,336
Total	4,019,814	2,774,455
ADDITIONS (DEDUCTIONS) DURING YEAR:		
Appropriation from current year's operations	1,875,000	1,750,000
Loss experience on loans for the year less provision included in other operating expenses	(24,613)	(67,136)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(50,278)	286,995
Income tax credit relating to appropriation from current year's operations (note 3)	681,054	500,500
Transferred to undivided profits	(1,150,000)	(1,225,000)
	$ 1,331,163	$ 1,245,359
ACCUMULATED APPROPRIATIONS AT END OF YEAR:		
General	5,233,861	3,954,767
Tax-paid	117,116	65,047
Total	$ 5,350,977	$ 4,019,814

Statement of Rest Account
Year ended October 31, 1976 (With comparative figures for 1975)

	1976	1975
Balance at beginning of year	$11,100,000	$ 8,100,000
Premium on issue of capital stock	1,263,756	1,276,385
Expenses of issue, net of income taxes (note 3)	(83,885)	(163,038)
Transferred from undivided profits	1,825,000	1,886,653
Balance at end of year	$14,104,871	$11,100,000

See accompanying notes to financial statements.

Statement of Assets and Liabilities—October 31, 1976
(With comparative figures at October 31, 1975)

Assets

	1976	1975
CASH RESOURCES		
Cash and due from banks	$ 63,947,533	$ 95,630,787
Cheques and other items in transit, net	37,031,204	2,217,500
	100,978,737	97,848,287
SECURITIES		
Securities issued or guaranteed by Canada, at amortized value	52,382,473	18,960,201
Securities issued or guaranteed by provinces, at amortized value	5,089,441	2,421,313
Other securities, not exceeding market value	19,583,019	10,868,098
	77,054,933	32,249,612
LOANS		
Day, call and short loans to investment dealers and brokers, secured	9,446,826	53,650,365
Other loans, including mortgages, less provision for losses	620,300,521	412,944,291
	629,747,347	466,594,656
Bank premises, at cost less amounts written off	5,503,690	3,977,953
Securities of and loan to a corporation controlled by the Bank	10,346,126	7,164,500
Customers' liability under acceptances, guarantees and letters of credit, as per contra	19,968,268	16,503,890
Other assets	844,162	667,583
	$844,443,263	$625,006,481

ALBERT E. HALL, *Chairman and Chief Executive Officer*

VICTOR DOBB, *Executive Vice-President and General Manager*

Bank of British Columbia

Liabilities

	1976	1975
DEPOSITS		
Deposits by Canada	$ 9,755,929	$ 4,181,383
Deposits by provinces	42,035,100	19,416,335
Deposits by banks	59,621,001	39,014,605
Personal savings deposits payable after notice, in Canada, in Canadian currency	260,466,873	167,488,912
Other deposits	413,834,382	344,182,755
	785,713,285	574,283,990
Acceptances, guarantees and letters of credit	19,968,268	16,503,890
Other liabilities	1,772,777	3,375,334
Accumulated appropriations for losses	5,350,977	4,019,814
CAPITAL FUNDS		
Debentures issued and outstanding (note 1)	8,000,000	8,000,000
Capital stock (note 2) Authorized 2,500,000 Shares, par value $10 each (1975—1,000,000 shares)		
Issued	9,463,683	7,658,320
Rest account	14,104,871	11,100,000
Undivided profits	69,402	65,133
	31,637,956	26,823,453
	$844,443,263	$625,006,481

Auditors' Report to the Shareholders of Bank of British Columbia

We have examined the statement of assets and liabilities of Bank of British Columbia as at October 31, 1976 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the foregoing statements present fairly the financial position of the Bank as at October 31, 1976 and the revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

Denham J. Kelsey, F.C.A.
of Thorne Riddell & Co.

Vancouver, British Columbia
November 21, 1976

R. K. Duncan, C.A.
of Winspear, Higgins, Stevenson & Co.

Canada's Western Bank

Notes to Financial Statements

Year ended October 31, 1976

1. Debentures issued and outstanding

	1976	1975
7½% debentures, redeemable at holder's option in 1977, maturing 1991	**$5,000,000**	$5,000,000
9¾% debentures, redeemable at holder's option in 1980, maturing 1985	**3,000,000**	3,000,000
	$8,000,000	$8,000,000

2. Capital stock

During the year the authorized capital of the Bank was increased from $10,000,000 to $25,000,000.

In September, 1976 the Bank offered shareholders the right to subscribe for additional shares at $17 per share on the basis of one new share for each three shares held. Subscriptions are payable in ten monthly instalments, or in full.

The resulting changes in capital stock are as follows:

	Number of shares		
	Issued and fully paid	**Partly paid**	**Amount**
Balance at beginning of year	765,832	—	$7,658,320
Proceeds from issue			
Fully paid shares	172,050	—	1,720,500
Partly paid shares	—	83,227	84,863
Balance at end of year	937,882	83,227	$9,463,683

Of the proceeds received from share subscriptions $1,805,363 have been credited to capital stock and $1,263,756 to rest account. When the balance of subscription payments due after October 31, 1976 has been received, further amounts of $747,407 and $523,184 will have been credited to capital stock and rest account respectively.

3. Income taxes

The income tax provision for the year is included in the financial statements as follows:

	1976	1975
Statement of revenue, expenses and undivided profits	**$2,750,000**	$3,000,000
Statement of accumulated appropriations for losses	**(681,054)**	(500,500)
Statement of rest account	**—**	(42,000)
	$2,068,946	$2,457,500

4. Anti-Inflation legislation

The Bank is subject to Anti-Inflation legislation of the federal government for the year ended October 31, 1976. This legislation provides for restraint with respect to excess revenue, employee compensation and shareholders' dividends.

It is apparent that the Bank does not have excess revenue as defined in the Anti-Inflation legislation referred to above and has not paid employee compensation or shareholder dividends in excess of those permitted.

Bank of British Columbia

Statement of a controlled corporation BBC Realty Ltd.

Statement of Assets and Liabilities—October 31, 1976
(With comparative figures at October 31, 1975)

ASSETS	1976	1975
Cash in bank	—	$ 32,224
Agreements receivable	$ 277,916	286,462
Houses held subject to agreements for sale to employees of the Bank	9,754,467	6,597,799
Land and buildings, at cost less accumulated depreciation	611,452	283,073
Other assets	35,000	1,329
	$10,678,835	$7,200,887

LIABILITIES		
Accounts payable and accrued liabilities	$ 82,671	$ 36,387
Mortgage payable (note 1)	250,038	—
Loan from Bank of British Columbia	10,336,126	7,154,500
Capital stock Authorized 10,000 shares, par value $100 each Issued and fully paid 100 shares	10,000	10,000
	$10,678,835	$7,200,887

NOTES:

1. The mortgage payable is due August 1, 1978 and is secured by certain real property.
2. The Bank owns the entire capital stock of BBC Realty Ltd. which is carried on the books of the Bank at $10,000.

Auditors' Report to the Shareholders of Bank of British Columbia

We have examined the statement of assets and liabilities of BBC Realty Ltd., a controlled corporation, as at October 31, 1976. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

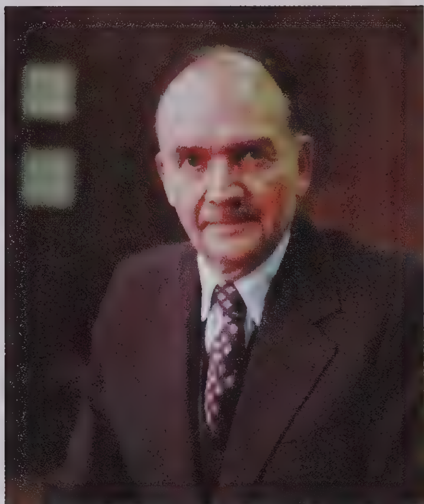
In our opinion the accompanying statement of assets and liabilities presents fairly the financial position of the corporation as at October 31, 1976.

Denham J. Kelsey, F.C.A.
of Thorne Riddell & Co.

R. K. Duncan, C.A.
of Winspear, Higgins, Stevenson & Co.

Vancouver, British Columbia
November 21, 1976

Canada's Western Bank



Donald M. Clark, Q.C., *Secretary*

Minutes of the Ninth Annual General Meeting of the Shareholders

The 9th Annual General Meeting of the Shareholders of Bank of British Columbia was held on Tuesday, December 14, 1976 at 11:00 o'clock in the forenoon in the Vancouver Island Room, Hotel Vancouver, 900 West Georgia Street, Vancouver, B.C.

Mr. A. E. Hall requested the approval of the Meeting to the appointment of himself as Chairman and Mr. D. M. Clark as Secretary of the Meeting, and the appointment of Mr. Gordon R. Hall and Mr. Murray McDonald as Scrutineers to compute the votes of any ballots taken at the meeting and to report thereon to the Chairman.

UPON MOTION by Mr. C. E. Hall, seconded by Mr. J. B. Smith, it was resolved that the foregoing appointments be approved.

The notice of meeting was read by the Secretary. Mr. Hall advised the meeting that he had received satisfactory proof from the Secretary of the Bank that the notice calling the meeting had been duly publicized in accordance with the Bank Act and had been sent to each shareholder of the Bank and, as a quorum was present, he declared the meeting duly constituted.

Mr. Hall then addressed the meeting as follows:

"I am indeed pleased to see so many shareholders and guests with us today and I extend to you a warm welcome to this our Ninth Annual Meeting of the Bank. The continued interest of our many shareholders in attending the Annual Meeting or sending in a proxy is very much appreciated. The management of your Bank over the past nine years have developed a warm feeling for our shareholders and are most impressed and grateful for the support we continually receive in many ways from you. We also are very appreciative of the continued contribution of your Directors, not only for their valued counsel but for their efforts to develop more business for your Bank. Our personnel at all levels have also played an important role in the success of the Bank's ninth year of operation and I wish to extend to them the thanks of the Directors and shareholders for a job well done.

I am pleased to inform you that during the course of the year three shareholders were elected to the Board: Mr. John L. Schlosser, of Edmonton, Alberta, was elected on March 9; Mr. Thomas A. Buell, of Vancouver, elected on May 25; and Mr. Harry Booth, of Calgary, Alberta, elected on July 27.

Mr. Schlosser, who is well known in the business community of Edmonton, is President of Tri-Jay Investments Ltd. and Jay-Car Investments Ltd. He is Vice Chairman of the Board of Governors and Chairman, Finance at the University of Alberta, and is a member of the Board of a number of prominent Alberta companies.

Mr. Buell is President and Chief Executive Officer of Weldwood of Canada Limited, President of Babine Forest Products Limited and Vice Chairman of Seaboard Lumber Sales Company Limited.

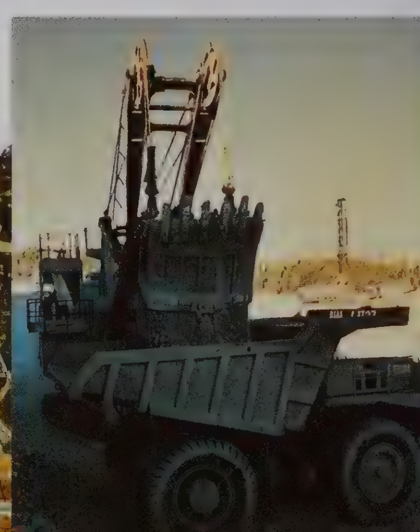
Mr. Booth is President and Chief Executive Officer of Alberta and Southern Gas Co. Ltd. and Alberta Natural Gas Company Ltd and is a Director of other important companies, including the Pacific Gas Transmission Company in San Francisco.

These three Directors represent a very important cross-section of successful business experience. They have already proved an asset to your Bank, and we look forward to their valued contribution in the future.

Before proceeding further, I wish to inform you that we are pleased to have in attendance as observers a group of students from Malaspina College with Mr. W. Ken Smith, Co-ordinator, Government Administration Program."

Mr. Hall stated that Minutes of the Eighth Annual General Meeting had been published and circulated to all of the shareholders and Mr. A. Fouks moved: "That the Minutes of the Eighth Annual General Meeting of the shareholders of the Bank held on December 9, 1975, copies of which have been mailed to the shareholders, be taken as if read, and approved and adopted."

The motion was seconded by Mr. J. L. Schlosser.



Mr. Hall then requested the shareholders to mark Ballot "A" for the approval of the Minutes to be collected by the usherettes after all ballots had been marked.

Mr. Hall then stated: "Copies of the Statement of Assets and Liabilities of the Bank and of the Statements of the Rest Account, Revenue, Expenses and Undivided Profits, and Accumulated Appropriations for Losses have been forwarded to every shareholder in advance of this Meeting, and as you have copies of these Statements before you, we will forego, with your approval, the actual reading of these Statements, except for the Auditors' Report appended to the Bank's financial statement and the Directors' Report. We will be hearing shortly from Mr. Dobb, Executive Vice President and General Manager, on the operations of the Bank for the fiscal year just ended. Following his comments, we will be hearing from our Deputy Chairman and President, Mr. Trevor Pilley, as to his views on current economic conditions. After these two addresses, there will be a full opportunity for shareholders to ask questions."

The Chairman then called upon the Secretary to read the Directors' and Auditors' Reports:

Directors' Report

"The Directors of Bank of British Columbia take pleasure in submitting to the shareholders their report on the results of the Bank's operations for the financial year ended October 31, 1976, and the Ninth Annual Statement which contains statements of the rest account, revenue, expenses and undivided profits, accumulated appropriations for losses, and a statement of assets and liabilities as of that date, together with a statement of assets and liabilities, of the Bank's controlled corporation, BBC Realty Ltd., annexed thereto.

Since October 31, 1975, three new branches of the Bank were opened making a total of thirty-three branches of the Bank at the fiscal year end.

All branches of the Bank opened prior to April 30, 1976 have been inspected by the Bank's inspecting officers and the remainder will be inspected at an early date.

The Auditors appointed by the shareholders, D. J. Kelsey, F.C.A. and R. K. Duncan, C.A., have made their examinations of the Bank's affairs and their report accompanies the Annual Statements.
A. E. Hall,
Chairman."

The Auditors' Report to Shareholders was then read. (The Auditors' Report appears on page 17).

It was then moved by Mr. A. E. Hall, seconded by Mr. A. W. Everett that the annual statements for the fiscal year ended October 31, 1976 and the Directors' and Auditors' Reports thereon be adopted.

Mr. Hall requested the shareholders to mark Ballot "B" for the adoption of the statements and reports.

Mr. Hall then stated: "Under the provisions of the Bank Act, the shareholders are required to appoint auditors for the ensuing year. Mr. Denham Kelsey, F.C.A., of Thorne Riddell & Co. and Mr. R. Keith Duncan, C.A., of Winspear, Higgins, Stevenson & Co., have provided valuable service to the shareholders during the past year and it is proposed to recommend these gentlemen as the auditors for the coming year. I will ask Mr. Brown for a Resolution concerning the appointment of Auditors."

It was then moved by Mr. W. T. Brown, seconded by Mr. R. T. Cunningham, "that Mr. Denham Kelsey, F.C.A., of Thorne Riddell & Co. and Mr. R. Keith Duncan, C.A., of Winspear, Higgins, Stevenson & Co., be appointed Auditors of the Bank to hold office until the next Annual General Meeting and that their remuneration for the ensuing year be fixed at $52,500, said amount to be divided between them."

Mr. A. E. Hall then requested the shareholders to mark Ballot "C" for the appointment of Auditors.

Mr. Hall stated: "The meeting now is open for the nomination of Directors for the ensuing year, 19 to be elected, and I would ask the Secretary to read the list of proposed Directors who are eligible for election."

The Secretary then read the following names:
Russell J. Bennett
H. Booth
W. Thomas Brown
Thomas A. Buell
Donald M. Clark, Q.C.
Ralph T. Cunningham
Thomas A. Dohm, Q.C.
A. William Everett
Arthur Fouks, Q.C.
Albert E. Hall
Coleman E. Hall
William C. Mearns
A. Hoadley Mitchell
George B. McIntosh
Trevor W. Pilley
Patrick M. Reynolds
Peter P. Saunders
John L. Schlosser
J. Bruce Smith.

Mr. J. Davidson then nominated each of the persons whose names had been read by the Secretary as a Director of the Bank for the ensuing year.

A shareholder then commented that there were no ladies listed in the nominees for Directors and asked if the Bank had considered the appointment of a woman as a Director. The Chairman replied that this matter is under active consideration but that the Bank seeks persons as Board members who can give the Bank a cross-section of business representation and who can best assist the Bank in its needs at any particular time. He stated that he felt sure that the Bank will have a lady on the Board sometime in the future.

Mr. Hall asked if there were any other nominations and, there being none, he declared nominations closed. Mr. Hall then requested shareholders to mark Ballot "D" for the election of Directors.

It was moved by Mr. H. Booth, seconded by Mr. W. C. Mearns, "that Albert E. Hall, or failing him Trevor W. Pilley, or failing him Donald M. Clark, be and is hereby appointed the true and lawful attorney of the Bank with power of substitution to attend and vote for and in the name of the Bank at any and all meetings of the shareholders of BBC Realty Ltd."

The Chairman then requested the shareholders to mark Ballot "E" for the appointment of attorney.

Mr. Hall called upon Mr. Victor Dobb, Executive Vice President and General Manager, to give his report. (Mr. Dobb's report appears on page 10).

Mr. Hall called upon Mr. Pilley to address the meeting. (Mr. Pilley's address appears on page 6).

Upon receipt of the report of the Scrutineers, the Chairman announced that Ballots "A" to "E", inclusive, had been carried.

A shareholder asked a question concerning the book value of the Bank's shares, which was replied to by the Chairman.

A shareholder asked why the Bank had eliminated life insured savings accounts and Mr. Hall stated he would look into the matter.

A shareholder made enquiries concerning foreign loans of the Bank which were answered by the Chairman.

There being no further questions and no further business, the Chairman then thanked the shareholders for their attendance at the meeting and declared the meeting terminated.

Albert E. Hall,
Chairman.

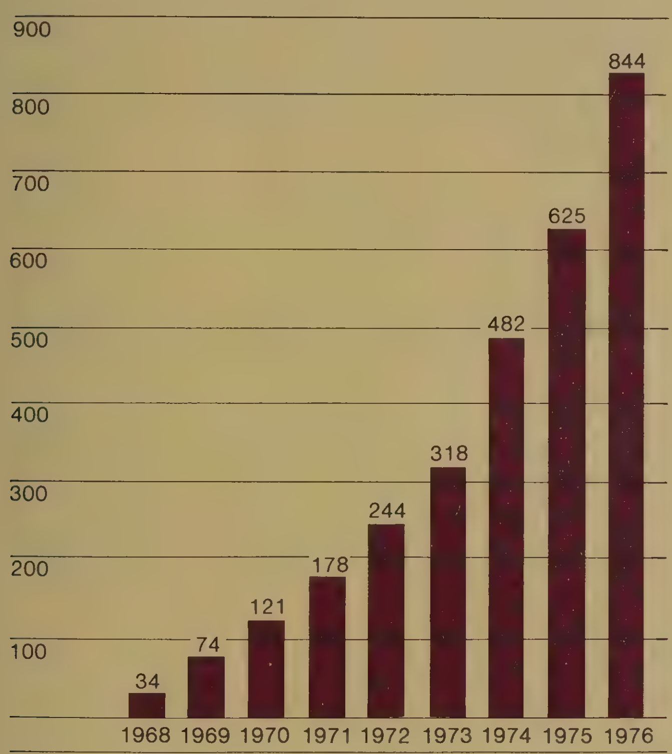
At the Meeting of the Board of Directors held subsequent to the Annual General Meeting of Shareholders the following Officers were elected: Albert E. Hall, Chairman and Chief Executive Officer; Trevor W. Pilley, Deputy Chairman and President; Ralph T. Cunningham, Vice President; C. E. Hall, Vice President; Donald M. Clark, Q.C., Secretary; Miss D. McDermott, Assistant Secretary.

Miss D. McDermott,
Assistant Secretary

Nine Years of Progress

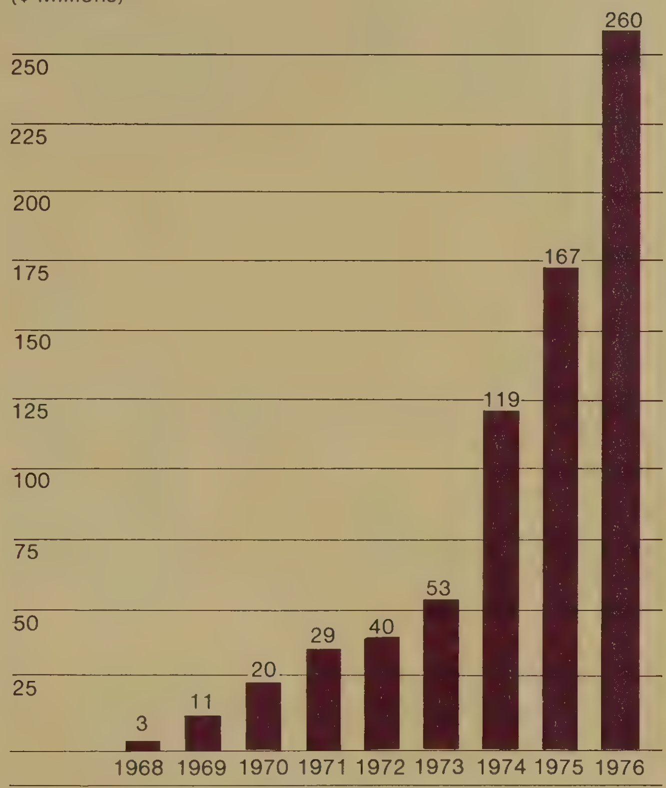
Growth of Total Assets

($ Millions)



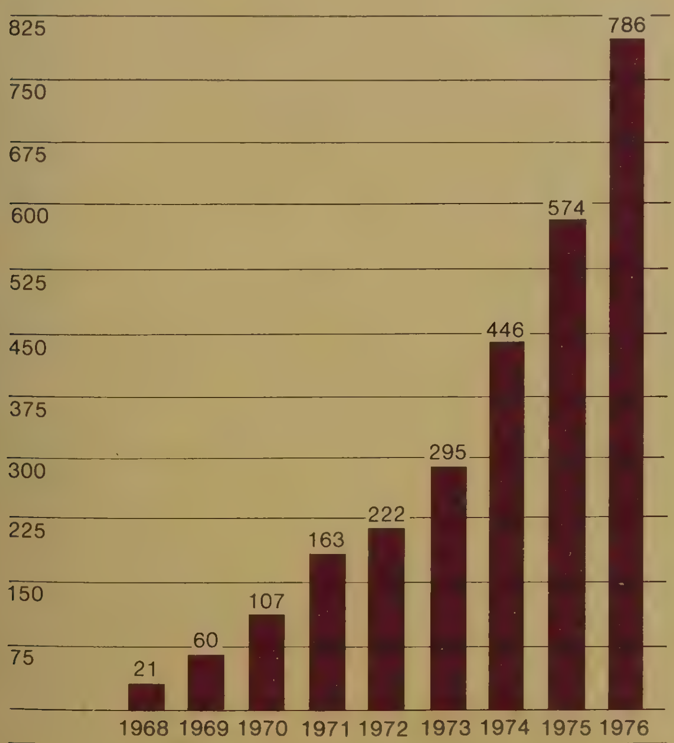
Growth of Personal Savings Deposits

($ Millions)



Growth of Total Deposits

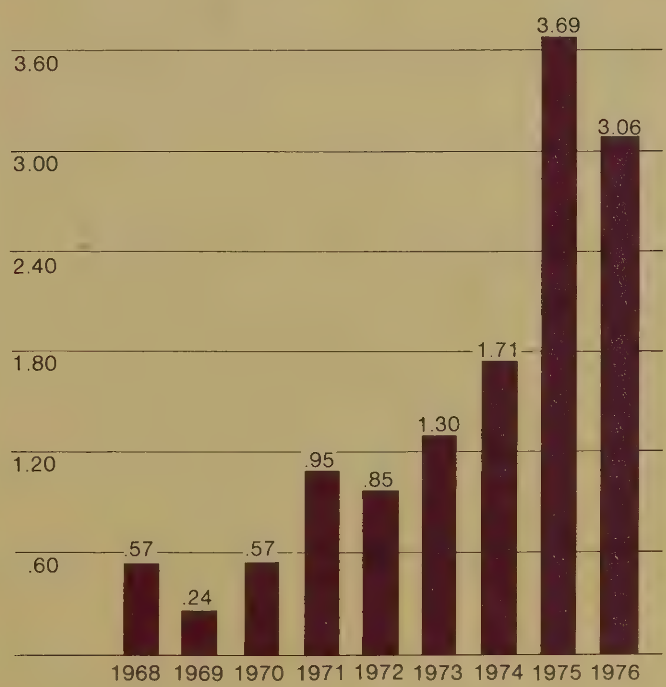
($ Millions)



Balance of Revenue after Provision for Income Taxes Per Share

(Number of Shares Outstanding at Year End)

($)



Nine Year Statistical Review
(in thousands of dollars)

Assets and Liabilities

Assets	1976	1975	1974
Cash resources	$100,979	$ 97,848	$ 92,086
Securities	77,055	32,249	30,600
Loans	629,747	466,595	337,336
Bank premises (net)	5,504	3,978	2,911
Other assets	31,158	24,336	18,858
Total	$844,443	$625,006	$481,791
Liabilities			
Deposits	$785,713	$574,284	$445,590
Other liabilities	21,741	19,879	15,152
Accumulated appropriation for losses	5,351	4,020	2,774
Capital funds			
Debentures	8,000	8,000	5,000
Capital stock	9,464	7,658	5,106
Rest account	14,105	11,100	8,100
Undivided profits	69	65	69
Total	$844,443	$625,006	$481,791

Accumulated Appropriations for Losses

	1976	1975	1974
Accumulated Appropriations at beginning of year	$ 4,020	$ 2,774	$ 1,582
Additions (Deductions) during year:			
Appropriations from current year's operations	1,875	1,750	549
Loss experience on loans less provision included in other operating expenses	(25)	(67)	345
Profits and losses on securities, etc.	(50)	287	(282)
Credit for income taxes	681	501	580
Transferred to undivided profits	(1,150)	(1,225)	—
	1,331	1,246	1,192
Accumulated Appropriations at end of year:			
General	5,234	3,955	2,769
Tax Paid	117	65	5
Total	$ 5,351	$ 4,020	$ 2,774

Rest Account

	1976	1975	1974
Balance at beginning of year	$11,100	$ 8,100	$ 8,050
Premium on issue of capital stock	1,180	1,113	—
Transfer from undivided profits	1,825	1,887	50
Balance at end of year	$14,105	$ 11,100	$ 8,100

Bank of British Columbia

1973	1972	1971	1970	1969	1968
$ 61,814	$ 38,376	$ 22,496	$ 15,108	$ 9,894	$13,081
16,242	21,685	28,203	35,103	23,382	13,146
235,067	179,452	124,294	68,290	38,190	6,965
1,884	1,513	1,462	1,217	1,045	561
2,859	3,150	1,838	1,553	1,492	114
$317,866	$244,176	$178,293	$121,271	$74,003	$33,867
$295,305	$221,616	$163,312	$107,134	$59,638	$20,642
2,774	3,181	1,201	969	1,517	490
1,582	1,333	936	474	311	250
5,000	5,000	—	—	—	—
5,106	5,106	5,106	5,106	5,106	5,106
8,050	7,900	7,700	7,550	7,400	7,350
49	40	38	38	31	29
$317,866	$244,176	$178,293	$121,271	$74,003	$33,867

$ 1,333	$ 936	$ 474	$ 311	$ 250	$ —
250	130	283	133	70	250
(250)	147	(69)	(87)	(9)	—
(6)	26	(9)	—	—	—
255	94	257	117	—	—
—	—	—	—	—	—
249	397	462	163	61	250
1,577	1,328	936	474	311	250
5	5	—	—	—	—
$ 1,582	$ 1,333	$ 936	$ 474	$ 311	$ 250

$ 7,900	$ 7,700	$ 7,550	$ 7,400	$ 7,350	$ —
—	—	—	—	—	7,338
150	200	150	150	50	12
$ 8,050	$ 7,900	$ 7,700	$ 7,550	$ 7,400	$ 7,350

Canada's Western Bank

Nine Year Statistical Review
(in thousands of dollars)

Revenue, Expenses and Undivided Profits

	1976	1975	1974
Revenue			
Income from loans	$67,421	$48,628	$39,014
Income from securities	4,456	3,394	2,142
Other operating revenue	4,778	3,792	2,392
Total Revenue	$76,655	55,814	43,548
Expenses			
Interest on deposits and bank debentures	47,611	33,077	29,095
Salaries, pension contributions and other staff benefits	12,650	9,085	7,129
Property expenses, including depreciation	2,438	1,891	1,519
Other operating expenses	8,077	5,937	3,962
Total Expenses	70,776	49,990	41,705
Balance of Revenue	5,879	5,824	1,843
Provision for income taxes relating thereto	2,750	3,000	969
Balance of revenue after provision for income taxes	3,129	2,824	874
Appropriation for losses	1,875	1,750	549
Balance of profits	1,254	1,074	325
Dividends	575	416	255
Amount carried forward	679	658	70
Undivided profits at beginning of year	65	69	49
Transfer from accumulated appropriations for losses	1,150	1,225	—
	1,894	1,952	119
Transfer to rest account	1,825	1,887	50
Undivided Profits at End of Year	$ 69	$ 65	$ 69

Other Information			
Balance of revenue per share after provision for income taxes	$3.06	$3.69	$1.71
Dividends per share	.75	.65	.50
Number of Branches	33	31	29

Valuation day value—December 22, 1971: $22.25.

Bank of British Columbia

1973	1972	1971	1970	1969	1968
$18,518	$11,480	$ 7,360	$5,127	$2,025	$593
1,263	1,360	2,505	1,967	1,237	352
1,434	815	518	300	123	21
21,215	13,655	10,383	7,394	3,385	966
11,957	7,766	5,496	4,067	1,618	70
4,256	2,713	1,984	1,407	836	229
1,012	817	639	453	268	136
2,676	1,555	1,340	944	541	240
19,901	12,851	9,459	6,871	3,263	675
1,314	804	924	523	122	291
650	370	440	233	—	—
664	434	484	290	122	291
250	130	283	133	70	250
414	304	201	157	52	41
255	102	51	—	—	—
159	202	150	157	52	41
40	38	38	31	29	—
—	—	—	—	—	—
199	240	188	188	81	41
150	200	150	150	50	12
$ 49	$ 40	$ 38	$ 38	$ 31	$ 29
$1.30	$.85	$.95	$.57	$.24	$.57
.50	.20	.10	—	—	—
24	20	18	11	8	3

NOTE: For purposes of the Statistical Review, the amounts for the years preceding 1973 have been restated where necessary to conform to 1973 and subsequent year's presentation.
For presentation purposes, certain statutory headings have been abbreviated.

Canada's Western Bank

Executive Officers

ALBERT E. HALL
Chairman and Chief Executive Officer

TREVOR W. PILLEY
Deputy Chairman and President

WAYNE W. ALLEN
Senior Executive Vice President

F. PETER DARLING
Executive Vice President

VICTOR DOBB
Executive Vice President and General Manager

Vice Presidents

HENRY J. BOW
International

KERMIT R. CULHAM
Human Resources

HUGH DALGLEISH
Chief Inspector

LESLIE J. FOWLER
Chief Accountant and Comptroller

ROBERT J. FRUIN
Credit

ARNOLD E. MILES-PICKUP
Investments

GORDON R. WALLACE
Branch Operations, Marketing and Administration

Assistant General Managers

JAMES M. A. BRIDEN
Credit

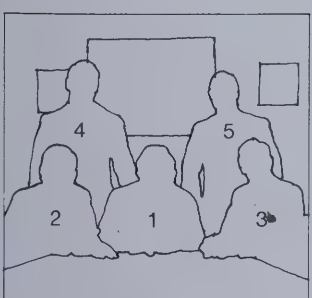
W. ALAN FRANKLIN
Data Processing

EINAR N. MYRHOLM
Credit

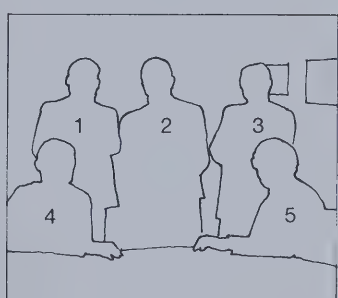
ARNOLD C. PROPP
Manager, Edmonton Main Office

MICHAEL S. ROGERS
Manager, Vancouver Main Office

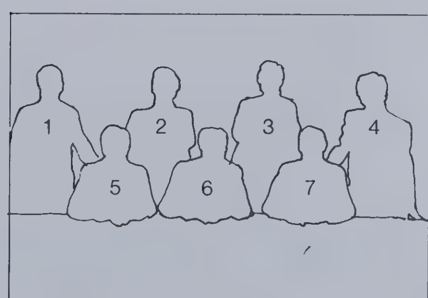
F. MILTON SHARPE
Consumer Credit



1. Albert E. Hall
2. Trevor W. Pilley
3. Wayne W. Allen
4. Victor Dobb
5. F. Peter Darling



1. W. Alan Franklin
2. James M. A. Briden
3. Arnold C. Propp
4. Einar N. Myrholm
5. Michael S. Rogers
6. Not Shown: F. Milton Sharp



1. Hugh Dalgleish
2. Leslie J. Fowler
3. Gordon R. Wallace
4. Arnold E. Miles-Pickup
5. Kermit R. Culham
6. Henry J. Bow
7. Robert J. Fruin

International Banking

The International Banking Department and the San Francisco Agency had another satisfactory year. The volume of business was lower than in 1975, reflecting the relatively slow economic recovery in the industrialized world, and the uncertain business climate which accompanied it.

The effects of these conditions were felt mainly in our short-term trade and inter-bank transactions. The loan portfolio continued to expand satisfactorily, with the bulk of new business concentrated in the advanced industrialized countries.

There was an encouraging and significant growth in the marketing of corporate services in Western Canada. An extensive call programme was undertaken, which resulted in a steady increase in foreign currency deposits and an expansion of our corporate foreign exchange business. The result of these efforts, together with an increase in general revenue from fees and other services, was a significant contribution to international earnings.

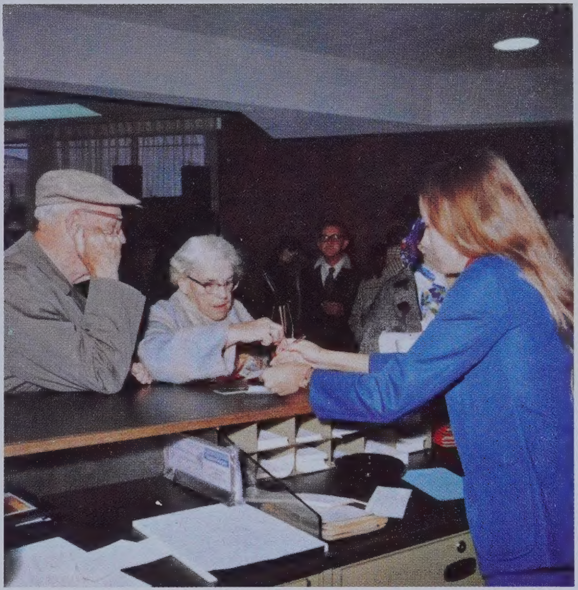
As usual, the overseas call programme played an important part in the Department's activities. Many of the Bank's global network of correspondents were visited by Senior Executives. These calls resulted in a constant flow of business and loan offers in many foreign markets. They also provided the Bank with valuable economic and political information to assist in the assessment of foreign lending risks.

This call programme, which has proved to be increasingly effective, saw Officers of the Bank visiting markets in the United States, United Kingdom, Mexico, Japan, Hong Kong, Singapore and Malaysia.

In retrospect, the year was one in which the International Banking Department took a relatively conservative posture, in the light of world economic conditions. Many existing relationships were consolidated, some expanded, and a moderate amount of new business was consummated.

The various activities in this fiscal year have been designed to round out the Department's services, to continue to develop a well-diversified loan and investment portfolio, and to maintain and expand existing correspondent relationships. These efforts will enable the Bank to take advantage of new business opportunities provided by a return to healthier economic conditions.

Customer Services



Corporate Officers

E. V. ANDRUSIAK
Superintendent, Branch Operations
R. S. ANTHONY
Superintendent, Credit
R. K. BURNSIDE
Superintendent, Credit
P. C. DIRK
Superintendent, Credit
A. K. C. Ee
Superintendent, International
K. G. FOUND
Deputy Chief Accountant
B. P. MILLARD
Executive Assistant
G. J. MOS
Senior Economist
D. W. MULLER
Superintendent, Investments
G. M. O'KEEFE
Superintendent, Branch Development
C. A. SABIRSH
Superintendent, Marketing
W. E. SCHARFF
Superintendent, Operations
C. TODD
Superintendent, Consumer Credit

Branches

Vancouver

Main—999 West Pender Street
M. S. Rogers
Assistant General Manager and Manager
J. E. G. Young
Senior Account Manager

Broadway & Willow—
800 West Broadway
P. A. O'Connor
Manager

Burnaby—5210 Kingsway
C. W. Kroeker
Manager

Chinatown—601 Main Street
H. Fetigan
Manager
J. C. H. Tsow
Account Manager and Special Representative

1047 Denman Street
B. R. Hewson
Manager

Fraser & 48th—
6373 Fraser Street
P. R. Panchyshyn
Manager

937 West Georgia Street
F. E. Chambers
Manager
T. A. Hockin
Senior Account Manager

Granville & 13th—
2899 Granville Street
J. B. Carlson
Manager

Hastings & Penticton—
2599 East Hastings Street
N. S. Elliot
Manager
A. H. Ackland
Senior Account Manager

Kerrisdale—
2164 West 41st Avenue
D. Duke
Manager

North Vancouver—
1457 Lonsdale Avenue
K. P. Boyer
Manager

West Vancouver—
1645 Marine Drive
J. C. Wright
Manager

Lower Mainland

New Westminster—
731 Columbia Street
J. L. Werner
Manager

Richmond—680 No. 3 Road
C. A. Hetherington
Manager

Surrey—
10241 King George Highway
R. W. Drevant
Manager

White Rock—
1493 Johnston Road
P. T. Webb
Manager

Fraser Valley

Abbotsford—
33700 Essendene Avenue
A. Fergusson
Manager

Chilliwack—1 Main Street
G. T. Fearnley
Manager

Langley—
20437 Fraser Highway
J. I. Crawford
Manager

Interior

Cranbrook—1001 Baker Street
H. D. Lundell
Manager

Kamloops—380 Victoria Street
L. C. Earle
Manager

Kelowna—313 Bernard Avenue
C. A. Birtch
Manager

Penticton—294 Main Street
A. Richmond
Manager

Vernon—3321 Barnard Avenue
G. T. Cameron
Manager

Vancouver Island

Victoria Main—752 Fort Street
H. J. Steele
Manager

Victoria—
Douglas & Johnson Street
V. E. Broeder
Manager

Nanaimo—
70 Commercial Street
D. J. Huie
Manager
W. B. Ibbott
Senior Account Manager

Alberta—Calgary

Calgary Main—
444 - 5th Avenue S.W.
J. C. McCarthy
Manager
J. G. Douglas
Senior Account Manager

Alberta Place—
1530 - 4th Street S.W.
A. W. J. Smith
Manager

Alberta—Edmonton

Edmonton Main—
10065 Jasper Avenue
A. C. Propp
Assistant General Manager and Manager
J. C. Thompson
Senior Account Manager

106th & Jasper Branch
S. D. Adams
Manager
R. N. Evaniuk
Senior Account Manager

82nd & 104th Street Branch
F. W. Goodman
Manager

97th & 130th Branch
M. D. Krause
Manager

International Agency

San Francisco, California—
300 Montgomery Street, Suite 735
Clive Bettles
Agent

Services

Bank of British Columbia's full range of services includes:

- Community Service Account
- Inflation Fighter Certificates
- Inflation Fighter Savings Accounts
- Pioneer Service Plan
- Western Accounts
- WestBank Savings Accounts
- Personal Chequing Accounts
- Chequing Savings Accounts
- Certificates of Deposit
- Current Accounts
- Retirement Savings Plan
- Home Ownership Savings Plan
- WestBank Loans
- Automobile Loans
- Mobile Home Loans
- Pleasure Boat Loans
- Recreational Vehicle Loans
- Student Loans
- Home Improvement Loans
- Business Loans
- Farm Improvement Loans
- Fisheries Improvement Loans
- Mortgage Loans
- Drafts
- Money Orders
- Money Transfers
- Night Depository
- Safety Deposit Boxes
- Safekeeping
- Travellers Cheques
- Commercial Letters of Credit
- Securities Transactions
- Foreign Exchange
- Bank-by-mail
- Bankers' Acceptances

Bank of British Columbia

Head Office:
1725 Two Bentall Centre,
Vancouver, British Columbia

HO'D IN CANADA